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STUDENT REPORT

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Resource Management Under a Broad Span of Control

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SUMMARY

→ In order to prepare for coming changes in reserve resource management structure, this paper examines the effect of organization design on resource allocation strategies, especially as it applies to the Reserve Personnel, Army (RPA) appropriation.

Up until now, RPA has been managed at a fairly macro level. The decision processes for allocating RPA funds were developed around the fact that there were only five major recipients. Under reorganization the number of major recipients increases ninefold. This calls for a reexamination of the policies and procedures used to allocate RPA funding.

The information processing model treats the organization as an information processing system. The organization's design then becomes the mechanism for dealing with increased information flows. This model suggests a number of alternative strategies for resolving the RPA allocation problem. Three specific alternatives which apply the design criteria of the information processing model are the application of additional manpower, the increased use of automation and the use of objective allocation criteria.

Each strategy has its limitations and benefits. Additional manpower meets operational requirements but may not help the analytical effort. Automation is helpful if you know what you want to automate and if the ~~needed information is amenable to automation~~. Objective allocation criteria provide a potential solution when there is not a high risk relating to financial execution and where there are objective factors on which to base allocation and objective factors on which to judge program performance. (SDC) ✓

Use of unit strength as an objective allocation criterion to fund RPA School Training is recommended.

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Introduction.

Background. The U.S. Army Reserve is divided into two major parts. The Troop Program Unit (TPU) force consists of those reservists in reserve units and falls under the command and control of various major commands (MACOM), primarily Forces Command (FORSCOM). The Individual Ready Reserve (IRR) consists of reservists not assigned to a unit. These reservists are administered by the Army Reserve Personnel Center (ARPERCEN).

The U.S. Congress has been concerned for some time that those reservists under the command of Army major commands were being treated as second class citizens. In the 1990 Defense Appropriations Act Congress directed that the Army Reserve be put under the command of the Chief of Army Reserve. The Army is currently developing plans to implement Congressional direction. One likely outcome of this planning effort is the elimination of the five Continental U.S. Armies (CONUSA) from the resource distribution chain. The impact of this organizational change is significant for all appropriations, but especially so for the Reserve Personnel, Army (RPA) appropriation.

Historically, RPA funds have been distributed to the five CONUSA and managed at that level. This year (FY 1990), as part of a FORSCOM plan for orderly change, RPA funds were distributed to the individual Major U.S. Army Reserve Commands (MUSARC). However, management control remained with the CONUSA.

Although RPA is a military pay appropriation, lessons learned from active component military pay appropriations may not be applicable. RPA is

event driven - a reservist does not get paid unless he does something to get paid. Essentially, RPA buys training days.

The TPU commander has several types of training that he can buy with the RPA funds at his disposal. These funds are designated Annual Training (AT), School Training and Special Training.

Probably the best known of these is Annual Training. This is the traditional two week "summer camp." Although two weeks of unit training is the most common form of AT, there are several other types of training that can be conducted. One alternate form of AT is individual school training.

The primary type of funding intended to provide individual school training is School Training. Although, as stated above, AT funds may be used to send an individual to school, reprogramming of funds between School Training and AT is not normally allowed and School funding may only be used for school training.

On the other hand, School Training funds may normally be reprogrammed into Special Training and vice versa. Special Training funds are used to pay for non-classroom type training such as exercise participation and for tours where the principal purpose is to accomplish a reserve mission such as instructor in a Reserve Forces school. Once again, many of these missions may be accomplished in an AT status, but reprogramming of funds between AT and Special Training is not generally allowed.

Taken as a whole, the Reserve commander has a mixed bag of flexibility and restrictions in his use of RPA to accomplish his mission. However, he generally has a choice of several ways to fund any given task. This makes the problem of linking resources to output very complex.

Problem. Up until now, RPA has been managed at a fairly macro level. FORSCOM managed five CONUSA who each managed eight to ten MUSARC. Unless the number of MUSARC is changed, the new Reserve Command will have to manage forty-seven MUSARC. This represents a significant increase in span of control. Approaches to resource management that worked under the old, layered, limited span of control organization may not be applicable under the new broad structure.

In order to prepare for the coming changes in reserve structure, this paper examines the effect of organization design on resource allocation strategies. In it, I assume that an organization which places many MUSARC under a single Reserve Command for resource management purposes is a given fact. I assume that any allocation strategy ought to enhance "power down" to the field commander without abdicating the role of the MACOM to direct command-wide policy and monitor the performance of subordinate commands.

Discussion.

Problem Analysis. The decision processes for allocating RPA funds have developed around the fact that there were only five major recipients. This small number allowed a detailed analysis of each recipient's unique requirements. Funding was then provided based on that analysis and CINC priorities.

Under reorganization the number of major recipients increases ninefold. This calls for a reexamination of the policies and procedures used to allocate RPA funding. A number of factors should be considered in this reexamination.

Any method of allocating resources should enhance the receiving commander's ability to accomplish his mission according to his best judgement. Army management philosophy emphasizes decentralized management, this is popularly known as "Power Down".

The concept of "Power Down" implicitly recognizes the limits of analysis. It is a trap to believe one can sit in a higher headquarters and by some mystical process known as "analysis" know all that is going on in a subordinate unit. Therefore, resource allocation systems should recognize the limitations on what can be known about the activities of subordinate units - they should avoid the "analysis trap."

Nevertheless, it is the responsibility of a Major Command to give overall direction to subordinate units and to monitor the quality of effort. As a part of this effort, it is incumbent on the MACOM to provide funding appropriate to the requirement and to monitor the execution of those programs

which it funds. The ground rules laying down the relationship between execution and the allocation of resources must be explicit. The MACOM's monitoring of execution and its resource allocation decisions should reflect consistent adherence to the ground rules.

Management Theory. Classical management theorists generally held that the number of subordinates a manager is responsible for should be restricted. Scott and Mitchell attributed this thinking to "a bias toward close supervision." They cite neoclassical criticism in favor of a democratic leadership style which leads to a wide span of control. Thus a broad span of control can be seen as supporting the Army's "Power Down" philosophy.

Later theorists of organizational design have been less prescriptive of the "correct" organizational structure and more descriptive of the environmental factors influencing the organization's design. Jay Galbraith treats the organization as an information processing system. The organization's design then becomes the mechanism for dealing with increased information flows. Galbraith sees two alternative information processing strategies: reduce the need or increase the capacity.

The need for processing information can be reduced by creating slack resources. The term "slack" has to give resource managers a sour taste. It implies excess funds, hidden kitties, unnecessary manpower, etc. In reality, it means providing enough flexibility to accommodate unanticipated changes without totally disrupting critical missions. Another way to reduce the need to process information is to create self-contained tasks along geographic or product lines.

There are two ways to increase the information processing capacity of an organization. The first is investment in a vertical information system. This strategy carries information to the point in the hierarchy where decisions are made. The second approach is to force decisions down to the level where the information exists.

Resource management is inherently an information management function. Our role as resource managers is to gather data, compile and analyze it in such a manner as to provide the information and advice the commander needs. If resource management is in fact an information management function, this model has great intuitive appeal for addressing the organization needed to resolve resource management problems.

Alternatives. Galbraith's model suggests a number of alternative strategies for resolving the RPA allocation problem. However, the model is descriptive not normative. Therefore, each alternative's applicability and desirability must be judged based on its suitability to the specific situation and its conformance to Army management philosophy. In this light, I will examine three alternatives which apply the design criteria of the information processing model. These are: the application of additional manpower, the increased use of automation and the use of objective allocation criteria.

One of the most common solutions to problems like the RPA allocation problem is to add additional manpower to the higher headquarters. Some of this is operationally driven - more funding documents to be processed, more fund control visits to the field, etc., but essentially, this approach represents an investment in a vertical information system. More people allow you to gather more data and do more analysis. However, there are limits to how

many additional people can be used effectively. The data and analysis must be synthesized to achieve an overview. With too many additional people the span of control problem could transfer from a field/headquarters problem to an internal headquarters problem. Actually, this outcome is unlikely given the current resource environment.

A more obvious type of vertical information system is the application of increased automation. Clearly automation offers potential for processing increased information. Unfortunately, this potential frequently is not realized. Automation is not much help where the information requirements are not clearly defined or the information required is not readily quantifiable. Other steps are required before automation can be successfully applied to the program. All too often automation is a major sponsor of the illusion that we can be everywhere and know everything - the "analysis trap".

A broader approach can be achieved by changing the way that resource allocation decisions are made. By establishing quantifiable, objective criteria for the allocation of parts of the RPA appropriation, the amount of time and effort devoted to those areas can be reduced. This will allow greater concentration on the remaining areas. To succeed, the objective allocation criteria approach requires the Reserve Command to accept the limitations of analysis for determining the "right amount" and likewise, the field must accept the fairness of the criterion and associated allocation methodology. There does not have to be a perfect correlation between the allocation criterion and the requirement, but the relationship should be strong and there must be general acceptance that the funding resulting from this ap-

proach is as fair as is likely to be produced by any other method of analysis.

Increased emphasis on objective allocation criteria applies several of Galbraith's strategies. By not trying to pinpoint the use of every dollar, it creates slack resources and pushes the decision level down. It has numerous advantages. It emphasizes reliance on the judgement of the lower level commander - he is given a level of resources and a mission and the flexibility to accomplish his mission. By concentrating on important outcomes rather than the process, it avoids the "analysis trap". By use of mutually agreed on criteria, it eliminates certain areas as a source of disagreement. This reduces the scope of debate on resource allocation problems and allows concentration on the most critical problems.

In the case of RPA, strength is the most obvious candidate for an allocation criterion. There is a strong bias to relate funding requirements to unit strength when analysing RPA. After all, RPA is a pay appropriation, and, in fact, there probably is a fairly strong correlation. On closer analysis, however, many factors besides strength affect the costs incurred by a TPU commander in carrying out his mission. Not the least of these is the somewhat voluntary nature of reserve duty - the level of participation in unit activities such as AT does not approach 100 percent. Reserve commanders must give greater consideration to external conflicts than is ever required of active component commanders. Furthermore, School and Special training activities do not involve all soldiers every year. Participation in these activities frequently depends heavily on the individual soldier - his training needs or his own special abilities to perform needed missions.

Under these conditions, the use of objective allocation criteria may be more applicable to some parts of RPA than to others. Let us examine each of the three broad categories of RPA: Annual Training, School Training and Special Training.

Annual Training costs depend on unit strength, participation rates, cost per soldier, the length of AT and transportation costs. The strength is known. The cost per soldier depends on the structure of the unit and the tenure of its members. The length of AT can, at least in theory, be determined from the training schedule. Transportation costs depend on the distance to the training site, the mode of transportation and, of course, the number of participants. Projecting the participation rate is at best a black art.

Adding to the complexity of projecting Annual Training costs is the fact that AT is a truly seasonal program. The bulk of obligations take place in the last quarter of the year, leaving little time to correct errors in projections.

The impact of an error in the projection is significant. Within the TPU force, AT is the major component of funded RPA. Small percentage changes amount to a large dollar volume. At the same time there is a commitment to ensure that AT will be available to every reservist who is able to attend. All of this makes AT a high-risk, high-uncertainty program not at all suitable to the type of management being proposed.

Special Training consists of a wide variety of diverse programs. Many of these programs are of great interest to higher headquarters and many are only of interest to the local commander. No single approach to funding Special Training requirements is likely to prove acceptable.

School training, on the other hand, is a relatively homogenous program with fairly clear output indicators, e.g., Duty MOS Qualification (DMOSQ) rates and NCO training levels. Unfortunately for the sake of analysis, School Training funds are not the only resource available for achieving training goals in this area. Furthermore, MACOM attempts to fund the highest priority training shortages generally penalize units which have done the best job of meeting high priority requirements in the past.

Basing School Training fund allocation decisions on unit strength would place all MUSARC commanders on an equal footing and would not penalize good performance. By judging each commander on results compared to his peers, we factor out the effects of exceptionally good or bad funding levels, since all are on an equal footing. Under this concept, monitoring the financial execution is limited by the facts that the commander can increase his training output by using AT and can move funds between School Training and Special Training. Areas of strictly financial consideration such as execution rates or reasonableness of travel cost would still be open to question, but programmatic issues such as the movement of School Training funds or the funding of specific School Training programs would not be appropriate to call into question. Failure to produce training results would be an appropriate issue.

Conclusion.

Having seen three possible strategies which a MACOM might adopt when confronted with the necessity to allocate funds to a large number of subordinate units, we find that each has its limitations and benefits. Additional manpower is always nice, but it may not help the analytical effort. In any case, sufficient manpower may not be available. Automation is helpful if you know what you want to automate and if the needed information is amenable to automation - conditions that are not always met. The use of objective allocation criteria provides a potential solution when there is not a high risk relating to financial execution and where agreement can be reached that there are objective factors on which to base allocation and objective factors on which to judge program performance.

Recommendations.

The Reserve Command should seek a consensus that would allow it to fund RPA School Training based on unit strength. Such a policy should be implemented in such a way as to provide each MUSARC equivalent man-days of training for equivalent strength. Program analysis of School Training should concentrate on program accomplishments such as improvements in DMOSQ rates and training of NCOs. Financial analysis should concentrate on executability and on efficiency issues such as transportation costs.

Other possible areas to apply objective allocation criteria within RPA are not likely to be as broad of scope as School Training. Nevertheless, the Reserve Command should investigate expanding the use of objective allocation criteria to fund parts of Annual Training and Special Training requirements.

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